



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

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February 6, 2001

Rick Olsen, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Re: Approval of Midterm Review Submittal, Canyon Fuel Company, LLC, Dugout Canyon Mine, 007039-MT00, OSM File

Dear Mr. Olsen:

The Division has completed the review of your January 22, 2001 response to the Midterm Review of the Dugout Canyon Mine. The information is hereby approved. Enclosed is a stamped incorporated copy for your copy of the Mining and Reclamation Plan and a copy of our technical analysis for you information. This concludes the Midterm review for the Dugout Canyon Mine. Thank you for your help in completing this action.

Please call if you have any questions.

Sincerely,

Daron R. Haddock
Permit Supervisor

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Enclosures:

cc: Joe Wilcox, OSM
Richard Manus, BLM
Mark Page, Water Rights w/o
Dave Ariotti, DEQ w/o
Derris Jones, DWR w/o
David Terry, SITLA w/o
Price Field Office
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January 30, 2001

TO: Internal File

THRU: Daron R. Haddock, Permit Supervisor *DRH*

FROM: Gregg A. Galecki, Reclamation Specialist *GA*

RE: Midterm Review, Canyon Fuel Company (CFC), LLC, Dugout Canyon Mine, C/007/039-MT00-1

SUMMARY:

As part of the Dugout Midterm review process, a technical field visit (conducted November 30, 2000) and a short Technical Analysis (TA) of the MRP was conducted. Required actions noted during the Midterm Review were outlined to the permittee in a letter dated December 13, 2000. The following is a review of the permittee response to the Division Midterm Review received by the Division on January 23, 2001. The permittee response to the Midterm Review adequately addresses all required actions outlined by the Division.

"On-the-ground" actions:

- The temporary fuel storage area will be abandoned by the end 01-1 quarter or as soon as permanent fuel tanks are installed in concrete containment areas.
- The apparent fuel spills will be clean up as soon as the ground thaws.
- The ditch near the fuel storage area was partially cleaned, with the remainder to be completed as soon as the ground thaws.
- A sample of the gas rising from the Sediment Pond was obtained, analyzed, and determined to comprise principally of methane. Due to the well-ventilated nature of the area, no further action is necessary.

MRP revisions:

- CFC is anticipating submitting a permit modification to include construction and operation of a leach field. The new bond will be

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- submitted at the time of the leach field modification application.
- CFC has submitted a revision to the MRP that commits to submitting Snotel data with the first quarter water monitoring data beginning in 2001 (Pg. 7-58).
- CFC has submitted a revision to the MRP that commits to install a precipitation gauge at the Mine site to monitor and assess the types of precipitation events occurring at the mine site (Pg. 7-81).

RECOMMENDATIONS:

All pending issues have been adequately addressed. Addressing the above-noted items completes the Midterm Review of the Dugout Canyon Mine. Revised sections of the MRP (pages 7-58 and 7-81, respectively), have been reviewed for accuracy and are suitable to be incorporated into the MRP.

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